

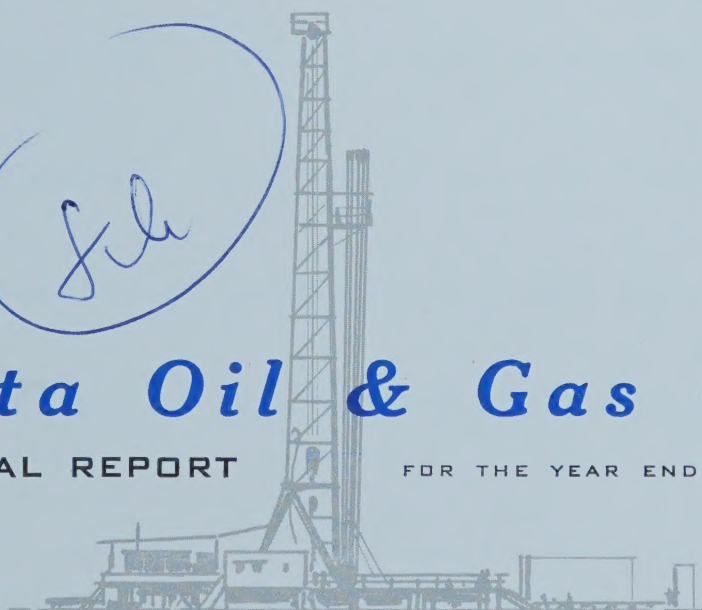
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# *Dynalta Oil & Gas Co. Ltd.*

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 1969



*A member of the DYNAMIC GROUP*



## ANNUAL REPORT

December 31, 1969

# *Dynalta Oil & Gas Co. Ltd.*

(Incorporated under the laws of Alberta)

*A member of the Dynamic Group\**

### **DIRECTORS**

FRANK BROWN, *Calgary*  
ROBERT CLIVE BROWN, *Calgary*  
ARCHIBALD PARK NEWALL, JR., *Calgary*

### **OFFICERS**

FRANK BROWN, *President*  
ROBERT CLIVE BROWN, *Vice-President*  
ARCHIBALD PARK NEWALL, JR., *Secretary-Treasurer*

### **HEAD OFFICE**

210 - 736 - 8th AVENUE S.W.  
CALGARY 2, ALBERTA

### **AUDITORS**

DELOITTE, PLENDER, HASKINS & SELLS, *Calgary*

### **BANKER**

THE ROYAL BANK OF CANADA, *Calgary*

### **REGISTRAR**

CROWN TRUST COMPANY, *Calgary*

### **TRANSFER AGENT**

CROWN TRUST COMPANY, *Calgary & Vancouver*

### **SHARES LISTED**

VANCOUVER STOCK EXCHANGE, *Vancouver*

\* The term "Dynamic Group of Companies" is used to refer to the following companies collectively: Permo Gas & Oil Limited and its subsidiaries, New Continental Oil Company of Canada Limited and Consolidated East Crest Oil Company Limited, together with affiliated companies, Dynamic Petroleum Products Ltd., Royal Canadian Ventures Ltd., Mill City Petroleums Limited, Crusade Petroleum Corporation Limited, Dynalta Oil & Gas Co. Ltd. and Dynamic Mining Exploration Ltd. (No Personal Liability). These companies are separate and distinct Canadian corporations having an interlocking directorate, interlocking share positions, common management and the same executive offices.



## **TO THE SHAREHOLDERS**

We are pleased to present to our shareholders the annual report and consolidated financial statements of the company and its wholly owned subsidiary, Canadian Australian Petroleum No Liability, for the year ended December 31, 1969.

## **MINERAL EXPLORATION HIGHLIGHTS**

During the year under review the company, in co-operation with associated companies, has participated at little cost to itself in extensive widespread mineral exploration programs in the Provinces of British Columbia, Saskatchewan, Manitoba and in the Northwest Territories. These programs which are covered in greater detail elsewhere in this report have resulted in proving up additional reserves of ore around the Gulf Minerals Rabbit Lake uranium discovery; several new uranium prospects in the vicinity of, or on trend with, the Gulf Minerals Rabbit Lake discovery, which are now being evaluated by diamond drilling; significant discoveries of uranium and other minerals in the Baker Lake region of the Northwest Territories; a significant discovery of porphyry type copper mineralization in the Barriere Lake area near Kamloops, British Columbia, and in outlining numerous other mineral prospects in western Canada to be diamond drilled during 1970.

## **GULF MINERALS URANIUM DISCOVERY**

The Rabbit Lake uranium ore body in the Wollaston Lake area of the Province of Saskatchewan discovered in late 1968 by Gulf Minerals Company, a wholly owned subsidiary of Gulf Oil Corporation, has been declared by Gulf officials to be a viable mining project or, in other words, exploration work done to date has established an ore body of sufficient quantity and quality to proceed with the construction of a mill. However, there are two major obstacles involving political considerations and markets to be overcome before Gulf will be prepared to announce its construction plans.

On March 2, 1970, Prime Minister Trudeau announced in the House of Commons that the Canadian government would be implementing regulations with regard to ownership in the Canadian uranium industry. On March 20, 1970, Energy, Mines and Resources Minister J. J. Greene made a statement in the House of Commons to the effect that the government proposes to limit, by regulation, the extent of ownership of uranium producing enterprises in Canada by non-residents of Canada. Among other things, the Minister stated:

- That the regulations would distinguish between existing properties of demonstrated productive capacity and those developed in the future on the basis of exploration.

- That there would be a limit of 33% upon the aggregate foreign ownership of any uranium property of established productive capacity.
- That with regard to existing mines, the regulations will be effective as from the date of the Prime Minister's statement on March 2nd, but will not be retroactive in the sense of requiring foreign interests then holding more of the ownership than the prescribed limits, to divest themselves of surplus holdings.

With regard to the above item, Energy Minister Greene is reported to have told Parliament on April 10, 1970 that he felt the Gulf development fell within the retroactive guidelines and that Gulf would not be subject to the ownership restrictions. On May 5, 1970, Energy Minister Greene further clarified this situation to the extent that foreign controlled companies engaged in uranium exploration on March 2nd will have six years in which to establish the commercial viability of their properties, in which event they would not be forced to reduce the level of their foreign ownership. We are informed, among other things, that this latter announcement gives Gulf the confidence to proceed with an active program to find additional mines on the properties that are subject to our agreement.

As mentioned above, Gulf is not prepared to announce its plans to proceed with the construction of a mill in the area until the aforementioned government regulations are officially introduced and their position thereunder is established. In the interim, however, and presuming a favourable status quo, Gulf has stated, among other things, that:

- If the two major obstacles involving government legislation and markets are overcome, construction of a mill could start this year.
- Gulf must have assured markets since uranium at present is in surplus supply. However, in this regard, Gulf is of the opinion that it will be able to dispose of its uranium production providing the ownership situation aforesaid is favourably clarified.
- While Gulf does not want to divulge the size of the ore body or the grades of ore, it is obvious that to justify a mill with a capacity of 2,000 tons of ore per day, producing 2,000 tons of uranium oxide per year and involving an investment of \$50,000,000, the ore body must be big.



- The mill would take three years to complete and would eventually employ about 400 highly skilled workers. The design would facilitate very quick and easy expansion.
- For purposes of comparison, preliminary engineering designs for the mill with an initial annual capacity of 2,000 tons of uranium oxide, would make it capable of serving the needs of four of the largest nuclear reactors built, or about 25% of the total current U.S. demand.
- The mine will be an open pit operation, as opposed to a shaft mine.
- The development of a mine and mill will involve the building of a new townsite and in this regard, according to Premier Thatcher, the Department of Municipal Affairs of the Province of Saskatchewan is already looking into this situation.

We are hopeful that the regulations referred to herein will be officially introduced within the next few weeks and that Gulf will be able to announce definite plans concerning construction of a mine and mill in this area.

Dynalta Oil & Gas Co. Ltd. has a direct 12.5% interest in 20% of the net profits accruing under the terms of the agreement entered into with Gulf Minerals Company. This agreement covers approximately 1,244,366 acres of permit lands in the Wollaston Lake area and includes the Rabbit Lake ore body.

Shareholders of the company will be kept informed concerning further developments.

## GENERAL

The directors wish to express their appreciation to the shareholders for their interest in the affairs of the company and to the employees for their loyalty and personal interest in our activities.

On behalf of the Board,  
FRANK BROWN  
President

June 1, 1970

## **MINING EXPLORATION AND DEVELOPMENT**

Following is a regional summary of the mining exploration and development ventures in which Dynalta Oil & Gas Co. Ltd. has participated during the year under review in co-operation with associated companies. The various regions and areas are illustrated by maps throughout this report.

### **BRITISH COLUMBIA**

In the Province of British Columbia the Dynamic Group of companies operates under the name of Royal Canadian Ventures Ltd. from an office in Kamloops. An active exploration program was continued in 1969 and several new properties were added to the companies' holdings. Activities have been largely centred around the Kamloops area and northward as far as the Babine Lake area, where a total of 1,180 mineral claims are held by the Group in 23 separate properties of which 3 are scheduled for diamond drilling evaluation in 1970. The various properties are shown by areas on the map of British Columbia accompanying this report and following are more detailed particulars pertaining to certain of these areas. The company has a 14.3% working interest in these properties with the exception of Areas 18, 23 and 24.

#### **Areas 8 & 10**

These two areas comprising a total of 32 mineral claims have been studied by geophysical, geological and geochemical surveys during the past summer and anomalous areas have been outlined. Present plans call for diamond drilling on both properties, which are considered copper prospects, during 1970.

#### **Area 19**

This area comprises 73 mineral claims and 2 mineral leases located in the Iron Mask area, southwest of Kamloops, B.C. An exploration agreement has been entered into with Great

Plains Development Company of Canada Ltd., under the terms of which Great Plains can earn a 60% interest in these lands by the expenditure of certain funds over the next 3 years. Geophysical, geochemical and geological work has been conducted over some of these lands and two interesting copper anomalies have been outlined. Great Plains has been proceeding with diamond drilling operations since early in 1970 and results to date are very encouraging.

#### **Areas 11 & 13**

These areas comprising a total of 374 mineral claims are located in the Barriere Lake region approximately 50 miles north northeast of Kamloops, B.C. During the past summer, geophysical, geological and geochemical surveys were conducted on certain of these lands, namely those designated as East Barriere Lake on the map accompanying this report. Five vertical diamond drill holes totalling 2,200 feet were put down on 400-foot centres on a geochemical anomaly approximately 9,000 feet long by 2,000 feet wide. These showed extremely interesting copper mineralization in each hole. Two porphyry type mineralized zones are indicated, one approximately 100 feet in thickness and the other approximately 50 feet in thickness. Chemical assays of these zones yielded copper values ranging from 0.20% to 0.44%, with minor amounts of molybdenum, gold and silver. An induced polarization survey is planned to determine the direction and extent of the mineralized zone and as a guide to follow-up drilling.

An exploration agreement has been entered into with Rayrock Mines Limited, Toronto, Canada, whereby that company has a right to earn up to a 51% interest in 144 mineral claims of the total by carrying out an exploration and drilling program during the years 1970 to 1973 inclusive, which program commenced in May, 1970.







## MINING EXPLORATION AND DEVELOPMENT

### NORTHWEST TERRITORIES

During 1969 the Dynamic Group initiated an active exploration program in the Northwest Territories resulting in what would appear to be significant discoveries of uranium and other minerals. The following areas in particular will be evaluated by a large scale exploration and diamond drilling program during 1970.

#### Baker Lake Area

Following is the complete text of a press release made jointly by New Continental Oil Company of Canada Limited on behalf of the Dynamic Group of which Dynalta Oil & Gas Co. Ltd. is a member, Petrobec Limited (a subsidiary of Westburne International Industries Ltd.) and Citizens Pipeline Limited, on April 21, 1970, relative to work completed to date in the Baker Lake region of the Northwest Territories and plans for the remainder of 1970:

For Release Noon, April 21, 1970.

#### Summary

- Disclosure of discoveries of molybdenum and silver in addition to uranium at Baker Lake, Northwest Territories.
- Mineral holdings increased to 627,000 acres.
- Commencement by about May 1, 1970, of an extensive exploration and diamond drilling program.

Two significant mineral discoveries were made in the Baker Lake region of the Northwest Territories by New Continental Oil Company of Canada Limited

and its associates, Petrobec Limited of Montreal, a subsidiary of Westburne International Industries Ltd. and Citizens Pipeline Limited, a wholly owned subsidiary of Lochiel Exploration Ltd. of Calgary. The discoveries, both believed to be of hydrothermal origin and ore grade, are located on Exploration Permit No. 109 and resulted from ground followup to an airborne radiometric survey carried out by Scintrex Limited of Toronto. Consulting Geologists for the project are A.C.A. Howe International Limited, Toronto. Significant minerals encountered are uranium, molybdenum, and silver.

The first discovery was made on an anomaly located in the Kazan Sandstone where initial prospecting and trenching has been completed and a Winkie diamond drill (a prospecting drill used for shallow testing) was employed to drill one hole at -45 degrees at right angles to the structure to a depth of 46 feet. Chemical analyses over this 46 feet have yielded a continuous  $U_3O_8$  content with an average of 0.077% (1.54 #/Ton); also 0.025% molybdenum sulphide and traces of gold and silver.

The second discovery was made on an anomaly located approximately six miles north of the first, and is associated with a geologic feature in the basement granitic complex. A radioactive zone has been delineated by prospecting, and some trenching has been done. A hole drilled at -45 degrees at right angles to the structure to a depth of 36 feet with a Winkie diamond drill, yielded a chemical analysis of 0.338% of  $U_3O_8$  (6.76 #/Ton) over a continuous 22-foot interval from 11 feet to 33 feet. The same drill hole yielded by chemical analysis 0.658% molybdenum sulphide over 14 feet, or 0.37% over 26 feet. One 2-foot sample averaged 2.00%  $U_3O_8$ , 1.50 oz. of silver and 2.90% molybdenum sulphide.

A second hole on this anomaly, 220 feet from the first, was drilled at -45 degrees at right angles to the structure and gave erratic readings over its 38 feet of depth, ranging from nil to 0.06%  $U_3O_8$  (1.2#/Ton). By chemical analysis the same drill hole indicated an average of 0.102% molybdenum sulphide over a length of 32 feet.



## MINING EXPLORATION AND DEVELOPMENT

*Both discoveries are highly encouraging because of their location on tide water and its beneficial effect on the potential economic development of the area.*

*Following the discoveries, 75 mineral claims were staked covering anomalies lying outside the permit areas. Recently three additional mineral prospecting permits have been acquired on trend by the group, bringing the total area now under permit to approximately 627,000 acres.*

*A large scale exploration and diamond drilling program is now being planned to commence in this area about May 1, 1970.*

*The project is owned 40% by the Dynamic Group, 40% by Petrobec Limited of Montreal, a subsidiary of Westburne International Industries Ltd., and 20% by Citizens Pipeline Limited, a wholly owned subsidiary of Lochiel Exploration Ltd. of Calgary.*

*A. P. Newall, Jr., President  
New Continental Oil Company  
of Canada Limited*

### Kazan Falls Area

The Dynamic Group conducted an extensive airborne survey over the Kazan Falls region of the Northwest Territories in 1969. As a result of these surveys and considerable ground follow-up, 791 mineral claims have been staked on the anomalous areas where uranium mineralization has been delineated on the ground and three mineral prospecting permits comprising approximately 480,000 acres have been acquired in this area.

An exploration agreement has been entered into with Dynamic Mining Exploration Ltd. (No Personal Liability) under the terms of which Dynamic Mining has acquired an undivided 25% interest in these properties and has the option to earn up to 50%.

The Dynamic Group, including Dynamic Mining, will conduct a major work program over these lands during 1970 consisting of airborne and ground geophysics, geological mapping, geochemistry, and deep drilling is envisioned.

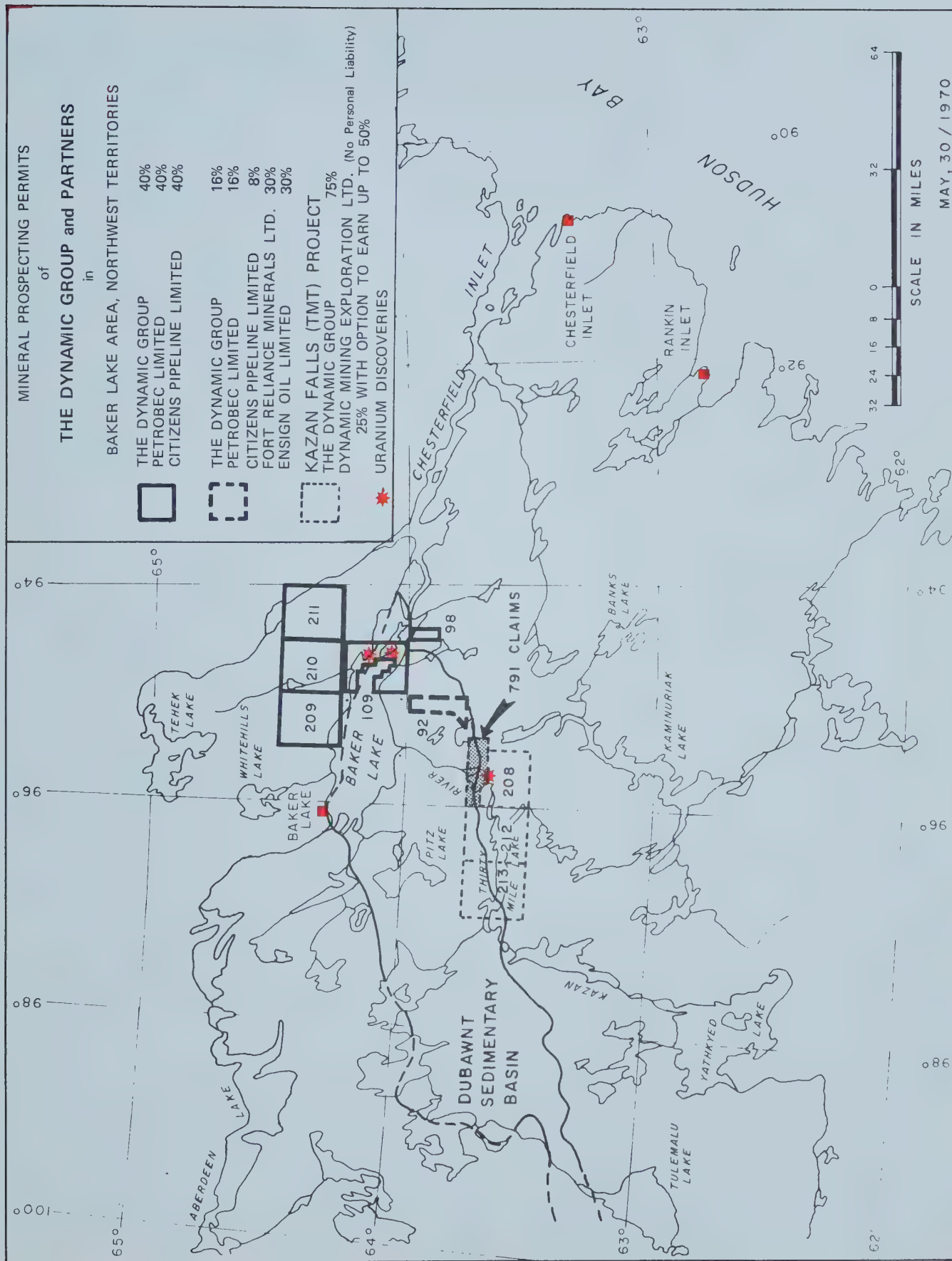
The company owns 14.3% of the interest held by the Dynamic Group, excluding Dynamic Mining, in these properties.

### Nonacho Area

In this area, consisting of some 300 mineral claims, Canadian Superior Exploration Limited conducted geophysical, geological and geochemical studies, followed by an extensive exploratory diamond drilling program, during 1969 and the early part of 1970. Work done by Canadian Superior, however, failed to locate the source of the radioactive material discovered on the surface, and as a result, the agreement has been terminated. The Dynamic Group now holds 100% interest in the properties, while Dynalta shares to the extent of 14.3%.

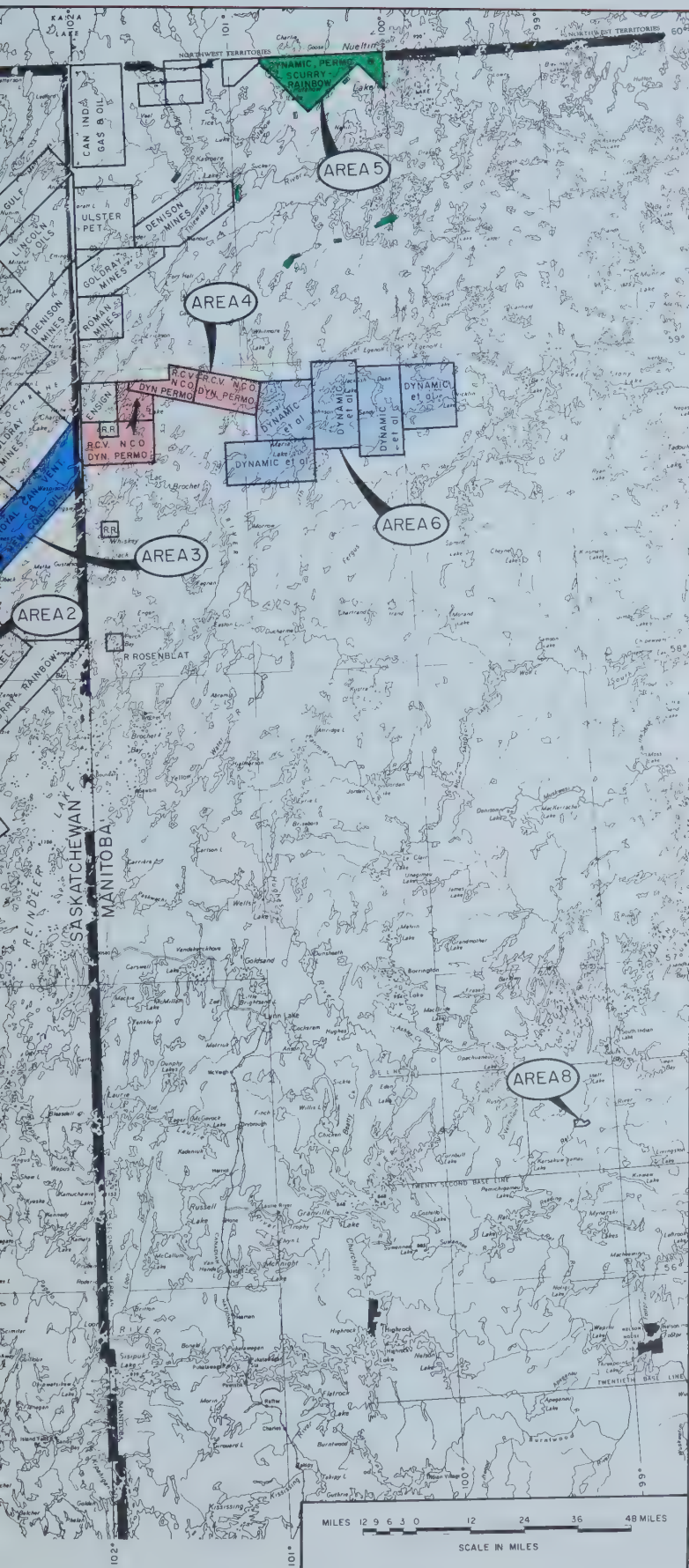
At present our geological staff is reviewing all the work done and results obtained by Canadian Superior to determine future plans for this property.











## WOLLASTON LAKE URANIUM AREA CANADA

### AREA



GULF 80% AND THE DYNAMIC GROUP 20%

DYNAMIC PETROLEUM PRODUCTS LTD.  
ROYAL CANADIAN VENTURES LTD.  
MILL CITY PETROLEUMS LIMITED  
CONSOLIDATED EAST CREST OIL COMPANY LIMITED  
NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED  
CRUSADE PETROLEUM CORPORATION LIMITED  
DYNALTA OIL & GAS LTD.



AREA OF COMMON INTEREST as defined under the Gulf - Dynamic Group Agreement - approximately 20,000,000 acres.



ROYAL CANADIAN 20%  
NEW CONTINENTAL 20%  
EXCEL PETROLEUMS LTD. 40%\*  
SCURRY-RAINBOW OIL LIMITED 20%\*

\*Subject to an expenditure of \$1,700,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



ROYAL CANADIAN 20%  
NEW CONTINENTAL 20%  
SCURRY-RAINBOW 40%\*  
SCURRY-RAINBOW 20%\*

\*Subject to an expenditure of \$825,000 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



ROYAL CANADIAN 10%  
NEW CONTINENTAL 10%  
DYNAMIC PETROLEUM 16%  
PERMO GAS & OIL LIMITED 4%  
SCURRY-RAINBOW 40%\*  
SCURRY-RAINBOW 20%\*

\*Subject to an expenditure of \$678,500 in a period of four years or less; otherwise the interest reverts to Royal Canadian and New Continental.

\*\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



DYNAMIC PETROLEUM 64%  
PERMO GAS & OIL LIMITED 16%  
SCURRY-RAINBOW 20%\*

\*Subject to the proviso that Scurry-Rainbow shall be obligated to assume and pay 60% of such additional expenditures up to a maximum of \$5,000,000.



DYNAMIC PETROLEUM 25%\*  
DYNALTA OIL & GAS CO. LTD. 25%\*  
NEW CONTINENTAL 25%\*  
CRUSADE PETROLEUM 25%\*

\*Subject to the right of Dynamic Mining to earn a 40% interest by spending \$150,000



THE DYNAMIC GROUP 87 1/2%



NEW CONTINENTAL 50%  
ROYAL CANADIAN 50%  
24 Mineral Claims

### NOTE 1

The net profits interest retained by the Dynamic Group of Companies under the terms of the Gulf agreement before and after taking into consideration the inter-company share ownership, is shared approximately as follows:

	Direct Interest %	Approximate Indirect Interest in Inter-Company Shareholdings %	Total %
Dynamic Petroleum Products Ltd. . . . .	12.50	12.99	25.49
Royal Canadian Ventures Ltd. . . . .	12.50	5.00	17.50
Mill City Petroleum Limited . . . . .	12.50	13.78	26.28
Permo Gas & Oil Limited . . . . .	—	19.24	19.24
New Continental Oil Company of Canada Limited . . . . .	12.50	3.57	16.07
Consolidated East Crest Oil Company Limited . . . . .	12.50	0.26	12.76
Crusade Petroleum Corporation Limited . . . . .	12.50	0.22	12.72
Dynalta Oil & Gas Co. Ltd. . . . .	12.50	0.25	12.75
	87.50	Totals not Applicable	

### NOTE 2

Scurry-Rainbow Oil Limited acquired its 20% interest in the various agreements indicated in the legend for a consideration of 15,000 shares of Scurry-Rainbow or \$600,000, and also an undertaking by Scurry-Rainbow to assume and pay 60% of such additional expenditures as may be required up to a maximum of \$5,000,000 on each of the four agreements for a total of \$20,000,000 maximum.

### NOTE 3

The permits on this map are in the names of the companies as shown and compiled from information believed to be reliable but not guaranteed.

These permits give the holder the right to explore for all minerals (including uranium) but excepting petroleum and natural gas, coal, and in Saskatchewan, those described as alkali minerals.

Average Permit size - 192,000 acres (300 square miles).

### NOTE 4

Permits as at May 30, 1970

## **MINING EXPLORATION AND DEVELOPMENT**

### **SASKATCHEWAN AND MANITOBA**

#### **NORTHERN SASKATCHEWAN**

##### **Area 1**

Since Gulf Minerals Company made their initial uranium discovery in late 1968, they have undertaken a multi-phase operation on the lands in which the Dynamic Group maintains a net profits interest. Both Gulf and ourselves are tremendously enthusiastic about the results obtained to date.

As a result of their 1968 exploration program, Gulf selected a site for a deep test which they drilled to in excess of 5,000 feet on one of the three permits located in the centre of the Athabasca Sandstone Basin. No information has been released as yet on the results of this test. The program for the eastern permits which contain approximately 1,244,366 acres, was broken down into two parts - a general exploration program over the main portion of the lands and an exploration and development program on the discovery area now known as the Rabbit Lake deposit. The general exploration program is being conducted out of the Gulf City camp as an independent operation, with selected personnel experienced in modern geological and geophysical methods and the Rabbit Lake development is being conducted out of a new camp located at the deposit where modern permanent buildings have been constructed. Drilling on this deposit commenced in February, 1969 and continued with three drills on a 24-hour basis until the end of October, 1969 when drilling was suspended over the freeze-up period.

Initial drilling was done to determine the length of the ore body; however, when some 1,600 feet of strike length had been obtained, the program was changed to in-fill drilling

to provide information for calculating ore reserves, ore grade, mining costs and other economic studies necessary to determine mine and mill feasibility. During the winter program five diamond drills were operated over frozen water areas for the purpose of delineating the Rabbit Lake ore body and Gulf geological, geophysical and engineering personnel were actively engaged in studying and correlating results obtained.

Independent of this operation, a winter drilling program was commenced on January 5, 1970, by Gulf Minerals on several of the uranium prospects located as a result of the general exploration program conducted during 1969. Three drills were employed on this project during the winter program, each located on a separate prospect.

Dynalta Oil & Gas Co. Ltd. has a direct 12.5% interest in 20% of the net profits accruing under the terms of the Gulf Minerals agreement.

##### **Area 7**

This area comprises three mineral exploration permits held in the name of Dynamic Petroleum Products Ltd. The company has a direct 12.5% interest in these permits which contain approximately 400,000 acres located on the southwest end of the Wollaston Lake fold belt.

During the summer of 1969 an airborne survey was conducted by Scintrex over these lands with electromagnetic, magnetic and spectrometer systems installed in a helicopter. Flight lines were flown at right angles to the strike of the formation on a quarter-mile spacing. During the same period our geological crews were on the ground checking anomalies as these became available and generally mapping the permits. Some radioactive anomalies were



## **MINING EXPLORATION AND DEVELOPMENT**

checked out on the ground with one showing as a prime prospect. Although time did not permit detailed evaluation of this prospect, surface sampling indicated uranium mineralization over considerable length and width. This prospect plus the remainder of the results from the 1969 airborne program are scheduled for evaluation during our 1970 exploration program.

### **Area 9**

This area comprising 27,635 acres, lies in the Head Lake region, northwest of La Ronge, Saskatchewan, in proximity to a recently announced nickel discovery. Airborne magnetics and electromagnetics have been flown over these properties and further surface work on airborne anomalies is now being considered. The company has a direct 14.3% interest in this property.

## **NORTHERN MANITOBA**

### **Area 6**

This area comprising 5 mineral reservations held by Dynamic Petroleum Products Ltd., Dynalta Oil & Gas Co. Ltd., Crusade Petroleum Corporation Limited and New Continental Oil Company of Canada Limited contains approximately 600,000 acres. The company has a 25% interest in this property.

Under the terms of an exploration agreement with Dynamic Mining Exploration Ltd. (No Personal Liability), an associated company, Dynamic Mining must spend \$150,000 on these lands to earn a 40% interest therein. During the latter part of 1969 an airborne survey was conducted by Scintrex over these lands and as a result of this survey, approximately 450 electromagnetic events were evidenced and included in 33 separate systems.

Magnetic correlation was recorded in approximately 50 of these 450 conductive events. These conductors will be ground checked and ground geophysical surveys will be conducted during our 1970 work program. At the same time ground geological evaluation of the anomalies will be carried out. Drilling will be conducted as recommended thereafter.

As of March 31, 1970 Dynamic Mining has expended the sum of approximately \$116,000 towards its commitment aforesaid.

## **PETROLEUM AND NATURAL GAS INTERESTS**

### **Offshore Holdings**

Farmout agreements have been negotiated covering two large tracts off the east coast of Canada in which the company held an undivided 50% interest.

One block of six exploratory permits comprising approximately 327,000 acres is subject to an agreement entered into with Central-Del Rio Oils Limited which provides, among other things:

- (a) In consideration of the sum of \$163,674 Central Del-Rio was granted an option to purchase the said permits.
- (b) The option aforesaid may be exercised by payment, on or before March 2, 1971, of a further sum of \$163,674.
- (c) For the reservation of a 3% gross overriding royalty.

The second block of ten exploratory permits comprising approximately 534,000 acres adjoining Anticosti Island in the Gulf of St. Lawrence was assigned to Scurry-Rainbow Oil Limited in consideration, among other things, of a 2% gross overriding royalty.

### ASSETS

	1969	1968
<b>CURRENT</b>		
Cash . . . . .	\$ 4,587	\$ 9,437
Short term deposits . . . . .	102,530	216,000
Accounts receivable . . . . .	3,076	1,062
Accrued interest receivable . . . . .	1,070	1,148
Government of Canada bonds - at cost (quoted market value 1968 - \$8,312) . . . . .		10,638
	<u>111,263</u>	<u>238,285</u>
 OPERATING AND PERFORMANCE DEPOSITS . . . . .	 <u>10,637</u>	 <u>14,375</u>
 INVESTMENTS - at cost		
12,500 shares of Royal Canadian Ventures Ltd. (quoted market value 1969 - \$35,000; 1968 - \$62,500) . . . . .	1,313	1,313
20,000 shares of Mill City Petroleums Limited (quoted market value 1969 - \$55,000) . . . . .	98,106	
100,000 shares of Dynamic Mining Exploration Ltd. (No Personal Liability) . . . . .	10,000	
	<u>109,419</u>	<u>1,313</u>
 PROPERTY, PLANT AND EQUIPMENT - at cost		
Mining interests . . . . .	3,999	2,267
Petroleum and natural gas interests . . . . .	5,019	5,019
Well development costs . . . . .	55,220	55,220
Production equipment . . . . .	27,100	27,345
	<u>91,338</u>	<u>89,851</u>
Less accumulated depreciation and depletion . . . . .	46,974	45,002
	<u>44,364</u>	<u>44,849</u>
	<u>\$275,683</u>	<u>\$298,822</u>



# Gas Co. Ltd.

## BALANCE SHEET

(with comparative figures for 1968)

### LIABILITIES

	1969	1968
CURRENT		
Bank Loan - secured . . . . .	\$ 100	\$ 100
Accounts Payable . . . . .	10,725	13,774
	<u>10,825</u>	<u>13,874</u>
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized - 5,000,000 shares without par value		
Issued - 1,050,003 shares . . . . .	102,501	102,501
Retained earnings . . . . .	162,357	182,447
	<u>264,858</u>	<u>284,948</u>
APPROVED ON BEHALF OF THE BOARD		
FRANK BROWN, Director		
ARCHIBALD P. NEWALL, JR., Director		
See accompanying notes.	<u>\$275,683</u>	<u>\$298,822</u>

# DynaIta Oil & Gas Co. Ltd.

## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended December 31, 1969

(with comparative figures for 1968)

	1969	1968
REVENUE		
Crude oil sales, less royalties . . . . .	\$ 11,507	\$ 15,210
Less production expenses . . . . .	5,831	6,075
	5,676	9,135
Interest earned . . . . .	11,425	3,024
Other . . . . .	714	
	17,815	12,159
EXPENSE		
Administrative and general . . . . .	22,052	10,473
Exploration and survey costs . . . . .	93,148	45,055
Property carrying costs (lease rentals and other) . . . . .	917	13,364
	116,117	68,892
CASH LOSS FROM OPERATIONS . . . . .	98,302	56,733
ADD		
Depletion . . . . .	668	1,004
Depreciation . . . . .	1,304	1,550
Abandonments		
Petroleum and natural gas interests . . . . .		1,254
Mining interests . . . . .	1,653	728
	3,625	4,536
DEDUCT		
Gain on sale of properties . . . . .		18,750
Gain on sale of fixed assets . . . . .		1,180
Gain on sale of securities . . . . .		189,750
Proceeds from granting of option . . . . .	81,837	
	81,837	209,680
NET (LOSS) PROFIT (Note 4) . . . . .	(20,090)	148,411
RETAINED EARNINGS, beginning of year . . . . .	182,447	34,036
RETAINED EARNINGS, end of year . . . . .	\$162,357	\$182,447

See accompanying notes.



# *Dynalta Oil & Gas Co. Ltd.*

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969

*(with comparative figures for 1968)*

	1969	1968
SOURCE OF FUNDS		
Proceeds from sale of properties . . . . .		\$ 18,750
Proceeds from sale of equipment . . . . .	\$ 245	1,180
Proceeds from sale of securities . . . . .		195,000
Decrease in operating and performance deposits . . . . .	3,738	13,816
Proceeds from granting of option . . . . .	81,837	
	<u>85,820</u>	<u>228,746</u>
APPLICATION OF FUNDS		
Cash loss from operations . . . . .	98,302	56,733
Mining interests . . . . .	3,385	1,885
Production equipment . . . . .		854
Shares of Mill City Petroleums Limited . . . . .	98,106	
Shares of Dynamic Mining Exploration Ltd. (No Personal Liability) . . . . .	10,000	
	<u>209,793</u>	<u>59,472</u>
(DECREASE) INCREASE IN WORKING CAPITAL . . .	(123,973)	169,274
WORKING CAPITAL, beginning of year . . . . .	<u>224,411</u>	<u>55,137</u>
WORKING CAPITAL, end of year . . . . .	<u>\$100,438</u>	<u>\$224,411</u>

*See accompanying notes.*

# *Dynalta Oil & Gas Co. Ltd.*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1969

### 1. CONSOLIDATION WITH SUBSIDIARY

The consolidated financial statements for the year ended December 31, 1969 include the accounts of its wholly owned subsidiary Canadian Australian Petroleum No Liability. The accounts of the subsidiary have been converted to Canadian currency at the rate of exchange in effect at December 31, 1969.

### 2. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Included in administrative and general expense is an amount of \$5,155, being the company's share of remuneration paid to directors and senior officers.

### 3. ACCOUNTING POLICY

The company's policy is to capitalize the acquisition costs of petroleum, natural gas and mining interests together with drilling and development costs. Carrying costs and exploration expenses are charged against income as incurred. Acquisition costs and drilling and development costs of producing properties are depleted on a unit of production basis and equipment costs are written off over their estimated useful life. The costs of non-producing properties and unproductive development are charged against income in the year of abandonment.

### 4. INCOME TAXES

Under Canadian income tax law, exploration and development expenditures including certain property acquisition costs may be deducted from income or, if such expenditures exceed the income for the year, the excess may be carried forward to subsequent years. No provision for income taxes was required for the years ended December 31, 1969 or 1968 and an excess of such expenditures of approximately \$251,000 was available to be carried forward against future taxable income.

The company is of the opinion that it is not appropriate to provide for income taxes deferred as a result of timing differences between accounting income and taxable income as recommended by the Canadian Institute of Chartered Accountants. However, in the years ended December 31, 1969 and 1968 and as at December 31, 1969 there was no deferred income tax liability as a result of such timing differences.

The subsidiary company had no income tax liability for the years ended December 31, 1969 or 1968.

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## AUDITOR'S REPORT

To the Shareholders of  
Dynalta Oil & Gas Co. Ltd.

We have examined the consolidated balance sheet of Dynalta Oil & Gas Co. Ltd. and its wholly owned subsidiary Canadian Australian Petroleum No Liability as at December 31, 1969 and the consolidated statements of income and retained earnings and source and application of funds for the year then ended. Other than for the accounts of the subsidiary, to which reference is made below, our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In respect of the subsidiary company, we were furnished with a balance sheet as at December 31, 1969 and related operating statement for the year ended on that date together with the auditors' report thereon.

In our opinion and relying on the audited financial statements of Canadian Australian Petroleum No Liability these consolidated financial statements present fairly the financial position of Dynalta Oil & Gas Co. Ltd. and its wholly owned subsidiary company as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, PLENDER, HASKINS & SELLS  
Chartered Accountants

Calgary, Alberta  
March 24, 1970



# *Dynalta Oil & Gas Co. Ltd.*

## ACREAGE HOLDINGS AT DECEMBER 31, 1969

### PETROLEUM AND NATURAL GAS INTERESTS

PRODUCING	ACREAGE	TRACT FACTOR	FARMEE OR OPERATOR
Alberta			
Pembina Keystone Cardium Unit No. 1 . . .	160	3.3823	Whitehall Canadian Oils
Pembina Belly River AA Pool Unit . . .	320	6.7788	Western Decalta Petroleum
	<u>480</u>		
NON-PRODUCING			
P&NG LEASES & RESERVATIONS		INT. %	
Alberta			
Bat Lake . . . . .	34,880	.6313	GOR Imperial Oil Enterprises
Livingstone River . . . . .	11,680	2.5	GOR Shell Canada Limited
Quigley . . . . .	37,280	3.5	NPI Gulf Oil Canada
Quigley (Oil Sands Lease) . . . . .	46,804	3.5	NPI " "
Saddle Lake . . . . .	1,277	1.82	NCI Canadian Sulphur Dev.
Whitesand River . . . . .	4,480	1.5	GOR Western Decalta Petroleum
	<u>136,401</u>		
OFF-SHORE PERMITS			
East Coast . . . . .	327,349	50.	Central-Del Rio Oils
St. Lawrence Basin . . . . .	533,576	50.	Dynalta
	<u>860,925</u>		

Interest percentages, unless otherwise noted, are working interests.

GOR - Gross Overriding Royalty

NPI - Net Profits Interest

NCI - Net Carried Interest

# MINERAL INTERESTS

BRITISH COLUMBIA	NUMBER	INT.%	FARMEE OR OPERATOR
CLAIMS			
B Group . . . . .	22	14.2857	Royal Canadian Ventures Ltd.
Beece Creek . . . . .	30	"	" " "
Babine Lake . . . . .	37	"	" " "
Chuchi . . . . .	16	"	" " "
Dardanelles Lake . . . . .	17	"	" " "
Eagle Creek . . . . .	22	"	" " "
East Barriere Lake . . . . .	144	"	" " "
Forest Grove . . . . .	16	"	" " "
Frederick Siding . . . . .	42	"	" " "
Iron Mask . . . . .	73	"	" " "
Kamloops Lake . . . . .	43	"	" " "
Mag . . . . .	24	"	" " "
Mons Lake . . . . .	174	"	" " "
North Barriere Lake . . . . .	46	"	" " "
Nulki Hills . . . . .	16	"	" " "
Ootsa Lake . . . . .	40	"	" " "
Roger Lake . . . . .	42	"	" " "
Shelford Hills . . . . .	18	"	" " "
Spapilem Creek . . . . .	184	"	" " "
Spring Lake . . . . .	16	"	" " "
Tetachuk Lake . . . . .	20	"	" " "
Windfall Hills . . . . .	32	"	" " "
	<u>1,074</u>		
LEASES			
Iron Mask . . . . .	2	14.2857	Royal Canadian Ventures Ltd.
SASKATCHEWAN	ACREAGE		
PERMITS			
Wollaston Lake . . . . .	1,820,366	12.5% interest in 20% defined net profits interest	Gulf Minerals Company
Wollaston Lake . . . . .	363,800	12.5	New Continental Oil Company
CLAIM BLOCKS			
Head Lake . . . . .	27,635	14.2857	" " " "
Wollaston Lake . . . . .	21,565	12.5	" " " "
MANITOBA			
RESERVATIONS			
Jackfish Lake . . . . .	601,867	25.	Dynamic Mining Exploration
NORTHWEST TERRITORIES			
PERMITS			
Baker Lake . . . . .	337,010	5.7143	Petrobec Limited
Baker Lake . . . . .	333,960	2.2857	New Continental Oil Company
CLAIMS	NUMBER		
Baker Lake . . . . .	75	5.7143	Petrobec Limited
Baker Lake . . . . .	791	14.2857	New Continental Oil Company
Hjalmar Lake . . . . .	237	14.2857	Canadian Superior Exploration
Hjalmar Lake . . . . .	44	14.2857	New Continental Oil Company





